ANNUAL GOVERNANCE STATEMENT

Purpose of Report

1. To seek approval of the Council's Annual Governance Statement.

Information and Analysis

2. Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 requires local authorities to publish, each year, an Annual Governance Statement along with the Statement of Accounts.

3. The Annual Governance Statement must be signed by the Leader of the Council and Chief Executive and is a key corporate document involving a variety of people charged with delivering governance such as the Director of Corporate Services as the financial officer responsible for the accounting control systems and records and the preparation of the Statement of Accounts and the Monitoring Officer in meeting her statutory responsibilities.

4. The Annual Governance Statement to be published with the Statement of Accounts for 2009/10 is attached at **Appendix 1.** It follows the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) recommended format.

5. The Annual Governance Statement outlines the Council's responsibilities, explains the purpose of the governance framework, sets out the key elements, details the review of its effectiveness, highlights significant governance issues and includes a commitment by the Leader of the Council and Chief Executive to ensure the continuous improvement of the system in place.

Recommendation

6. It is recommended that the draft Annual Governance Statement at Appendix 1 be approved.

Reasons

7. The recommendation is supported as it comprises part of the Council's corporate governance arrangements.

Paul Wildsmith
Director of Corporate Services

Background Papers

1. CIPFA/SOLACE Publication(s) – 'Delivering Good Governance in Local Government - Framework and Guidance Note'

2. CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

3. Audit Services' Annual Report 2009/10 reported to Audit Committee June 2010.

4. Comprehensive Area and Organisation Assessments reported to Cabinet January 2010.

5. Annual Audit Letter reported to Audit Committee December 2009.

6. Report on Review of Internal Audit Effectiveness reported to Audit Committee June 2010.

7. Progress reports on Xentrall Audit Plan to Audit Committee September 2009, December 2009, March 2010 and June 2010.

8. Overview Report on Managers Assurance Statements reported to Audit Committee June 2010.

9. Risk Management Reports to Audit Committee September 2009 and March 2010.

10. Corporate Health and Safety Report to Audit Committee September 2009.

11. ICT Strategy Progress Report to Audit Committee March 2010.

12. Corporate Governance Update Reports to Audit Committee December 2009 and June 2010.

13. Anti-Fraud and Corruption Arrangements Reports to Audit Committee December 2009 and June 2010.

14. Audit of Accounts Report to Audit Committee September 2009.

15. Combined Financial and Service Performance Reports to Cabinet July 2009, December 2009 and March 2010.

16. Prudential Indicators and Treasury Management Strategy Report to Audit Committee January 2010 and to Cabinet and Council February 2010.

17. Annual Review of Significant Partnerships Report to Cabinet September 2009.

18. Annual Report of the Standards Committee to Council March 2010.

Brian James : Extension 2140
EAC

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	There is no specific health and well being impact.
Sustainability	There is no specific sustainability impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	The report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond a reflection upon the Council's governance arrangements and achievements.
Efficiency	There is no specific efficiency impact.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

8. Darlington Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

9. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

10. The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code is on our website at www.darlington.gov.uk or can be obtained from:

    Democratic Services
    Corporate Services Department
    Town Hall
    Feethams
     Darlington
     DL1 5QT
     Tel (01325) 388351

11. This Statement explains how the Council has complied with the Code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

12. The governance framework comprises the systems and processes and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

13. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

14. The governance framework has been in place at the Council for the year ended 31 March 2010 and up to the date of approval of the Statement of Accounts.

The Governance Framework

15. The key elements of the Council's governance framework are tabulated in Appendix A to this statement which also indicates their relevance to the following six core principles that underpin good governance:-

    (a) Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area.

    (b) Members and officers working together to achieve a common purpose with clearly defined functions and roles.

    (c) Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

    (d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

    (e) Developing the capacity and capability of members and officers to be effective.

    (f) Engaging with local people and other stakeholders to ensure robust public accountability.

16. Each key element, as detailed in the Council's Local Code, has a nominated lead officer, outlines the duty to which it relates and includes three discrete types of action:-

    (a) Awareness - making sure that everyone who needs to know about the element does know.

    (b) Monitoring - ensuring that the duty is carried out.

    (c) Review - actions to ensure that the element is reviewed in the light of effectiveness and emerging good practice.

17. The governance framework encompasses the Council's financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Review of Effectiveness

Background

18. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by an Assurance Framework, documented in Appendix B, that includes the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Corporate Assurance's Annual Internal Audit Report, and also comments made by the external auditors

and other review agencies and inspectorates.

19. This Statement has been prepared by a management group that has responsibility for evaluating assurances and the supporting evidence. The group comprises the:-

   (a) Director of Corporate Services (S151 Officer)
   (b) Borough Solicitor (Monitoring Officer)
   (c) Policy Manager
   (d) Head of Human Resource Management
   (e) Head of Corporate Assurance

20. The Audit Committee is responsible for the independent review and approval of the Annual Governance Statement following examination of the supporting evidence.

21. Assurance on adequacy and effectiveness is outlined under the following categories identified in the Council's Assurance Framework.

Local Code of Corporate Governance

22. The Audit Committee received six-monthly monitoring reports in December 2009 and June 2010 to ensure that Members were satisfied that the management processes defined in the Council's Local Code were actually being adhered to throughout the organisation.

23. The reports concluded that overall, positive progress was being made on the application of Corporate Governance within the Authority.

Managers' Assurance Statements

24. Annual Managers' Assurance Statements are an integral part of the framework that supports production of the Annual Governance Statement.

25. The Statements cover key aspects of the internal control environment on which assurance is required and were completed in Spring 2010 by representatives on Departmental Senior Management Teams. The output from the exercise was reported to the Audit Committee in June 2010.

26. The overall position was positive. Required improvements identified through the Assurance Statements largely focus on the implementation of learning management software in 2010/11 to raise employees' awareness of a range of corporate policies/processes, together with the need to update departmental procedures and access training in specific areas ie equalities, complaints and project management. In addition, Statements have been completed by the majority of schools and endorsed by Governing Bodies following a phased roll out. All schools are scheduled to complete Statements for the 2010/11 year.

Performance Management

27. The Council's Performance Management Framework (PMF) is a formal process whereby performance is monitored against both national and local indicators across key strategies. This process, operated by all departments to defined quality standards, is underpinned by a series of rules and procedures codified in a Data Quality Strategy. Increased partnership working including on the National Indicator Set (NIS) is explicitly recognised within the

PMF. Partners discuss their singular and joint needs at a number of forums including through a multi-agency data group.

28. Reporting of performance involves regular reports to Departmental Management Teams, Corporate Management Team, Cabinet and Scrutiny Committees. Scrutiny Committees also undertake detailed consideration of performance against specific indicators periodically. The Chief Executive meets with each Director in a performance clinic to challenge performance in their department. Members and Officers are able to look at more detailed performance information by using the Council's computerised performance management system, PerformancePlus.

29. The PMF is reviewed at least annually and any improvements identified as a result of internal or external audit work are incorporated as appropriate. The documentation has recently been improved to incorporate the risk assessment and self audit of performance information.

30. The NIS has made the reporting of timely quarterly and year-end data more complex, although data to hand, that includes most of the indicators, suggests that overall service plan targets are being achieved. Performance against targets for the community strategy themes and corporate objectives is generally positive, although targets have not been achieved for a limited number of indicators where under performance has impacted on the headline picture for a number of themes and objectives. The Local Area Agreement is on target overall although a number of targets for economic indicators have been reviewed with Government Office North East due to the recession.

31. The Comprehensive Area Assessment 2009 results issued by the Audit Commission were reported to Cabinet in January 2010 and, in terms of Managing Performance, the Council was rated as 'performing well'. The Audit Commission stated that people who live in Darlington were generally happy with the local area and in particular its parks and open spaces; crime levels were reducing and anti-social behaviour was being successfully tackled through joint work with the police; educational standards were improving and the standard of council housing was very high; and the Council had been successful in bringing new employers and jobs into the Borough despite the recession. To underpin this overall assessment the Care Quality Commission and Ofsted respectively had assessed the Council's Adult Social Care and Children's Services as 'performing well'.

Financial Management

32. The Council's Medium Term Corporate Plan incorporates four-year financial plans. The Council sets its annual revenue budget, capital programme and council tax and treasury management strategy within this wider planning framework. The Medium Term plans, annual budgets and council tax are developed in consultation with partner organisations in all sectors, residents and employees and are approved by full Council.

33. The Medium Term Financial Plan (MTFP) for 2010 to 2014 includes detailed plans to achieve savings of £11million. In November 2009 the Council's Cabinet agreed a new business model to position the Council to respond to future challenges, including expected significant reductions in future funding levels. The business model includes:

   (a) Continuing to make efficiency savings, as has been done for many years.

(b) Reviewing priorities, to ensure they remain in line with residents' and customers' needs.

(c) Reviewing who delivers services, to provide the best available value-for-money.

34. Consequently, the MTFP includes a target for further savings, estimated to be around £10.4million. The Plan is continually monitored and reviewed and is revised at least annually when an updated rolling four year plan is produced.

35. Responsibility for controlling and managing budgets is delegated to Directors and devolved to service managers. Financial management is closely integrated with service management. Cabinet and Resources Scrutiny Committee receive regular reports to enable them to monitor and scrutinise financial performance and service delivery.

36. The Council must comply with external financial reporting requirements, including publishing an annual Statement of Accounts ('the Accounts') and reporting to Central Government and other funding providers. The Accounts, which are prepared in accordance with relevant legislation and codes of practice, are approved by the Council's Audit Committee and are independently audited under arrangements made by the Audit Commission. The auditors gave an unqualified opinion on the Council's 2008/09 accounts by the target date of 30 September 2009 and commented that the accounts presented for audit were substantially free from error and were supported by comprehensive and clear working papers. The auditors also commented that good progress was being made to meet the requirement to implement International Financial Reporting Standards, which is a substantial development in accounting and reporting across the UK public sector.

37. The Council's cash-flow, borrowing to finance capital expenditure and investments are managed through the Treasury Management Strategy, approved by full Council, and in accordance with legislation and codes of practice. The Strategy and associated policies and procedures were reviewed and further strengthened in 2009. The Council manages its investments to minimise risk of losses, ensure funds are available when needed and achieve interest income. Through its controls and procedures the Council avoided any losses of investments or interest during the global banking crisis.

38. Specific arrangements exist for schools, to which responsibility for management of finance and other resources has been devolved under legislation. All Darlington schools are accredited under the Financial Management Standard in Schools.

Risk Management

39. Risk is one of the elements of information incorporated into the development of departmental service plans and the Corporate Plan. Risk management is, therefore an essential element in establishing policy, developing plans and enhancing operational management.

40. The risk management process involves identifying, analysing, managing and monitoring risks. The identification of risks is derived from a 'top down' (corporate) and a 'bottom up' (departmental) process of risk assessment and analysis resulting in coverage of the whole Council. The process prioritises the risks resulting in a focus upon the key risks and priorities. The risks are managed through the development of appropriate action plans, allocated to responsible officers.

41. The approach to, and the outcomes from, the Council's risk management processes for 2009/10 were reported to the Audit Committee in March 2010. The report detailed generally positive progress upon delivery of action plans to mitigate key risks including those relating to expected significant reductions in future funding levels, information governance and project management that are mentioned elsewhere in this Statement. The report also outlined advances in the management of operational risks through the Council's Corporate Risk Management Group and mentioned that proactive risk management work within the Council had been recognised through awards at national and European level during the year.

ICT

42. In April 2009, Cabinet approved an ICT Strategy that focused on five key programmes, namely the delivery of a robust core architecture on which to deliver ICT services; the provision of flexible and efficient mobile and office based technologies; the implementation of robust and secure information management processes and systems; the management of a robust governance framework for ICT projects and investments; and the advancement of standards and procedures within ICT with the aim of delivering excellent services.

43. Implementation of the Strategy is led by the cross-departmental ICT Strategy Group, chaired by the Director of Corporate Services. This Group was tasked to produce six-monthly reports on implementation progress to the Audit Committee.

44. The progress report to the Audit Committee in March 2010 documented positive developments on each of the five key programmes. This included reference to Xentrall ICT Services having retained its certificate of compliance with the International Standard 27001 for Information Security Management in February 2010 and that, following a review of the Council's information governance practices, Cabinet had approved, in December 2009, a revised management framework together with information governance and information security management policies, strategies and work programme. Delivery of the information governance work programme is the responsibility of the cross-departmental Corporate Information Governance Group chaired by the Head of Corporate Assurance and associated detailed action plans are currently under development.

Internal Audit

45. The Council's Internal Audit Division operates to the standard defined in the CIPFA Code of Practice for Internal Audit in Local Government. The Annual Internal Audit Plan is risk-based and sets the foundation for an objective review of key controls and procedures operating within the Council.

46. The Audit Committee approves the Annual Internal Audit Plan and receives progress reports against the Plan during the year including any significant matters arising or other issues of concern and Internal Audit's Annual Report.

47. Internal Audit concluded in their Annual Report for 2009/10 that, overall, the Council continues to operate within a control environment that is generally sound.

Review of Internal Audit Effectiveness

48. A review of the effectiveness of the Council's system of internal audit was carried out by a team of senior officers that comprised a Policy Adviser, the Assistant Director – Housing and the Assistant Director – Public Protection based upon guidance issued by the Finance Advisor Network (FAN) of CIPFA. The findings of the review were considered by the Audit Committee in June 2010.

49. The review team concluded that the Council has an effective system of internal audit.

Xentrall-Shared Service Partnership

50. A shared service partnership was established in May 2008 with Stockton BC for the provision of ICT, Transactional Finance and HR and Print and Design.

51. The internal audit of the partnership was undertaken by Stockton BC and the outcome from the audit work carried out was reported quarterly to the Darlington Audit Committee. The overall position on audit assurance opinions was positive.

Partnership Working

52. In March 2007, Cabinet adopted a partnership working toolkit to provide a means to ensure that the Council's resources were effectively employed, the performance of each partnership was monitored and adequate governance arrangements were in place. As part of the toolkit, a clear definition of a partnership and those classed as significant was documented. The toolkit that comprises an on-line questionnaire is completed by the lead officer for each partnership.

53. There are annual reviews of significant partnerships led by the Chief Executive of Darlington Partnership based upon completed questionnaires. The outcomes from the latest review were reported to Cabinet in September 2009.

54. The report summarised the range of partnership working undertaken by the Council and although an overall positive position on outcomes and governance arrangements was depicted use of the partnership toolkit had highlighted specific outstanding governance issues in certain partnerships. As a result, action plans have been developed and responsible officers identified to address the outstanding matters.

55. Partnership Lead Officers recognise and accept that ensuring governance arrangements remain relevant is an ongoing process. For example, Terms of Reference are reviewed periodically to ensure that they remain fit for purpose and risk registers are regularly updated to reflect emerging risks and changes in circumstances.

Standards Committee

56. The Standards Committee continues to monitor a set of Ethical Health Indicators designed to provide an indication of any peaks in activity which indicate dissatisfaction with the Council across a range of areas of the Council's activities. The Committee has a work programme and oversees the Council's Confidential Reporting Policy, the Protocol for Member Officer Relations, Member Training and other key documents. The Committee has undertaken a range of publicity and produced new web pages during the last year to promote its new role

in local assessment. The Committee has links with other Committees across the Tees Valley providing joint training for members and parish councils and has a joint work plan with Tees Valley authorities. The Committee has prepared its second annual return to the Standards Board for England and its Annual Report to the Leader of the Council with recommendations about areas for improvement and the future work programme.

57. During the last year the Committee carried out its first public trust survey to test awareness levels of the work of the Committee and trust levels of Members and senior officers. Following the survey, the Committee developed a programme of work based on the results. This included a meeting of the Committee in the community that took place on 7th June 2010 at Darlington College. The Committee is also to receive a presentation from the Council's Web Manager about the use of social network sites and web based tools, including myDarlington+ to provide opportunities to communicate with young people in Darlington about the work of the Committee.

58. The Committee also established liaison meetings with group leaders and the Chief Executive with a view to integrating the work of the Committee more widely into the authority. The Committee agreed a process for hearing appeals in relation to political restrictions which was agreed by the Council's Corporate Management Team and reviewed the Member-Officer Protocol with a new process for resolving disputes between Members and Officers and Members and Members informally. The changes were approved by full Council and incorporated into the Council's Constitution. The Committee continued its awareness raising campaign about its work by adding to the website and by introducing text onto the agenda of Planning and Licensing Committee which help to raise public awareness at the time decisions are being made of the role of Standards Committee.

59. The Committee has reduced the number of complaints from fifteen during its first municipal year to nine in its second. There have been no complaints upheld against a Member of Darlington Borough Council since introduction of the ethical framework. The Committee has a key role in monitoring all Member training and ensuring a training programme designed to meet the needs identified by Performance Development Reviews. The Committee has been given new responsibility for designating courses across the Council as mandatory for Members and for monitoring compliance. Compliance rates have seen a marked improvement against the previous year in relation to both the mandatory and the compulsory five courses per year. The Committee has achieved 100% of mandatory training for Members on the Code of Conduct within a two year period. The Committee monitors attendance at training and reports non-compliance publicly.

60. The Committee has an ongoing work programme and an ambitious programme of work for the coming year.

Resources Scrutiny Committee

61. Scrutiny forms an important part of the Council's governance arrangements by providing independent examination of executive roles. Resources Scrutiny Committee has responsibilities for examining the Council's arrangements for financial planning, management and reporting and for efficiency and value-for-money. The Committee develops and implements an annual work programme to manage its continuing oversight role and undertake specific pieces of work.

62. During 2009/10 the Committee again scrutinised and contributed to the development and embedding of improved project management. The Committee set up a Budget Management and Efficiency Review Group and conducted monthly monitoring of the revenue budget during 2009/10. The Committee and Review Group also had early involvement in the annual review of the Medium Term Financial Plan and again held a number of special meetings to challenge Corporate Management Team on the draft plan and made recommendations to Cabinet in February 2010 to inform their deliberations.

Annual Audit Letter

63. The Annual Audit Letter, produced by the Council's external auditors PricewaterhouseCoopers LLP (PwC) to provide a high level summary of the results of their audit work undertaken for the benefit of Members and other interested stakeholders, was presented to the Audit Committee in December 2009. The Letter was positive.

64. In terms of Use of Resources under the Comprehensive Area Assessment framework, comprising assessments of strategic financial management, strategic commissioning and good governance, and the management of natural resources, assets and people the Council was assessed overall as performing well.

65. The external auditors concluded that the Council's processes for managing finance were robust, comprehensive arrangements were in place to govern the organisation, including arrangements to secure data quality and systems of governance and internal control were sound, and the approach to managing natural resources and public assets was adequate.

66. PwC also commented with regard to value for money that they were satisfied in all significant respects the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Significant Internal Control Issues

67. In response to significant overspends on two major capital schemes mentioned in previous Annual Governance Statements, the Pedestrian Heart and Darlington Eastern Transport Corridor, the Council has implemented appropriate improvement actions in order to provide greater levels of assurance around delivery of capital projects.

68. A new Capital Project Management approach has been adopted and rolled out on a phased basis across the Council. Relevant staff have been trained in the methodology and related procedures and received a copy of the Council's Project Management Handbook. The Council's intranet has also been developed to provide useful reference and supporting material.

69. An Asset Management and Capital Programme Review Board, a cross-departmental group chaired by the Director of Corporate Services, has been established to oversee the strategic position of the Council on capital projects

70. A Projects Office has also been created and has taken responsibility for the production and monitoring of a Project Position Statement (PPS). The PPS provides a single source of key information relating to the Council's commitments on capital projects and programmes and enables challenge to be made on projects that are starting to deviate from time, cost or quality and the resources assigned to key roles within the project environment. The PPS is

reported monthly to the Asset Management and Capital Programme Review Board and regularly through Resources Scrutiny.

71. The Capital Project methodology is expected to continue to be developed with use and over time by the Projects Office in conjunction with interested parties.

Statement by the Leader of the Council and Chief Executive

72. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and are committed to ensure the continuous improvement of the system in place.

73.
74.
Signed _____   Dated _____
    Leader of the Council

Signed _____   Dated _____
    Chief Executive

Document/Function	Core Principles of Corporate Governance					
	Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area	Members and officers working together to achieve a common purpose with clearly defined functions and roles	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	Developing the capacity and capability of members and officers to be effective	Engaging with local people and other stakeholders to ensure robust public accountability
Sustainable Community Strategy	✓					✓
Local Area Agreement	✓					✓
Constitution		✓		✓		✓
Service Planning Framework	✓	✓			✓	✓
Business Transformation Projects	✓	✓		✓	✓	
Community Engagement Strategy	✓				✓	✓
Communication Strategy	✓	✓	✓	✓		✓
ICT Strategy	✓		✓		✓	✓
Human Resources Strategy	✓	✓	✓		✓	
Performance Management Framework	✓	✓	✓		✓	
Schedule of Council Meetings				✓		✓
Council Procedure Rules			✓			
Record of Decisions		✓		✓		✓
Partnership Working Toolkit	✓	✓	✓	✓	✓	✓

Code of Conduct for Members				✓	✓	
Members Induction and Training Programme				✓	✓	
Code of Conduct for Employees				✓	✓	
Officer and Member Protocols		✓	✓			
Confidential Reporting Policy				✓	✓	
Code of Corporate Governance	✓	✓	✓	✓	✓	✓
Risk Management Strategy				✓		
Anti-fraud and Corruption Policy				✓		
Capital Programme Methodology		✓		✓		
Information Governance Policy	✓		✓	✓	✓	✓
Procurement Strategy	✓	✓	✓	✓		✓
Contract Procedure Rules	✓	✓	✓	✓		✓
Medium Term Financial Plan/Budgets	✓	✓		✓		✓
Treasury Management Framework		✓		✓		✓
Annual Statement of Accounts	✓					✓
Financial Procedure Rules	✓	✓	✓	✓		
Scheme of Delegation		✓		✓	✓	
Complaints Process	✓		✓	✓		✓
Social Inclusion Strategy	✓		✓			✓
Equalities Plan	✓		✓			✓

Assurance Framework

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
Internal Control environment inadequate/ineffective.	Internal Audit	Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit Reports/opinions and outcomes from consultancy work undertaken.	Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken.	Internal Audit's Strategy, Role and Terms of reference and Annual Audit Plan approved by the Audit Committee. Quarterly/Annual Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan. Annual Report includes an overall opinion on the Council's control environment.
The financial position of the Council not presented fairly in the Financial Statements; the Annual Governance Statement not presented in accordance with relevant requirements; and proper arrangements are not in place to secure economy, efficiency and effectiveness in the use of resources.	External Audit	Risk based External Audit Plan. External Audit Reports/opinions.	Internal Audit's Annual Audit Plan discussed with External Audit to facilitate External audit planning and minimise the duplication of audit effort wherever possible.	External Audit Plan and External Audit Reports, including the Annual Audit Letter, considered by the Audit Committee. Annual Audit Letter considered by Cabinet.
Inadequate provision of services to the	Audit Commission/other External Inspection	CAA Report on the Council/other Inspection Agencies' reports	CAA and other reports reflected upon in the Internal Audit planning	CAA and other reports considered by Cabinet.

			process.	
people of Darlington.	Agencies under the Comprehensive Area Assessment (CAA) regime.		process.	
Business risk processes inadequate/ineffective	Risk Management and Insurance Section	Risk Management Strategy Corporate/Departmental Risk Registers. Corporate Risk Management Group and Sub-Group Agendas and Minutes. Officer/Member Training.	Annual Audit Plan developed with reference to Corporate/Departmental Risk Registers. Risk Management function subject to periodic Internal Audit review as part of the cyclical audit process.	Risk Management Strategy endorsed by the Audit Committee and approved by Cabinet. Six-monthly/Annual Reports to the Audit Committee on the outcomes from the Council's risk management processes.
Fraud and corruption arrangements inadequate/ineffective.	Internal Audit and Benefits Enquiry Unit.	Anti-Fraud and Corruption Strategy, Policy, Fraud Response Plan and Money Laundering Policy. Housing Benefit/Council Tax Anti-Fraud Strategy, Policy and Sanctions Policy. Confidential Reporting Policy. Internal Audit reviews of arrangements. Outcomes from bi-annual National Fraud Initiative exercises co-ordinated by the Audit Commission. Internal Audit/Benefits Enquiry Unit case files.	Anti-Fraud and Corruption arrangements, including National Fraud Initiative exercises, administered by Internal Audit. The potential for a service to be susceptible to fraud reflected within Internal Audit's risk assessment model that underpins the annual audit planning process. Internal Audit review of Housing Benefits conducted on an annual basis.	Fraud related Policies and Strategies approved by the Audit Committee and Confidential Reporting policy approved by Council. Annual Reports to the Audit Committee on the outcomes from the Council's anti-fraud and corruption arrangements.
Information governance arrangements inadequate/ineffective.	Information Security Section within Xentrall, Legal Services and External Audit.	Corporate Information Governance Policy, Information Governance Strategy, Information Security Policy and associated delivery framework. Corporate Information Governance Group Agendas and Minutes. Officer/Member Training. External Audit assessment of Data Quality within the overall Use of Resources assessment.	Information Governance/Sensitivity of data is reflected within Internal Audit's risk assessment that underpins the annual audit planning process. Information Governance subject to periodic Internal Audit review as part of the cyclical audit process.	Corporate Information Governance Policy, Information Governance Strategy and Information Security Policy approved by Cabinet. Six-monthly reports to the Audit Committee on progress with implementation of the Policies. External Audit assessment on Data Quality, within the overall Use of Resources

				assessment, considered by the Audit Committee.
Internal control environment of relevant areas of Xentrall inadequate/ineffective.	Stockton BC Internal Audit	Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken.	Joint working protocol agreed between the Internal Audit Services of Stockton and Darlington to cover Xentrall audits. Copies of all relevant Stockton BC Internal Audit Reports on Xentrall forwarded to Darlington Internal Audit for information.	Stockton BC's Annual Audit Plan related to Xentrall considered by the Audit Committee. Quarterly Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan.
Local Code of Corporate Governance not implemented.	Corporate Group responsible for drafting the Annual Governance Statement.	Local Code of Corporate Governance Local Code individual key documents/functions matrices, completed by relevant Lead Officers, posted on the intranet covering awareness, monitoring and review. Six Monthly update reports to the Audit Committee in respect of the application of Corporate Governance within the Authority.	Internal Audit direct effort annually to validate evidence quoted in the individual key documents/functions matrices posted on the intranet.	Local Code endorsed by the Audit Committee and approved by Council. Six-monthly reports to the Audit Committee on progress with implementation of the Code.
Grant processes inadequate.	External Audit	External Audit Report on audited Grant Claims and Returns.	Grant process arrangements subject to annual review by Internal audit.	External Audit Report on Grant Claims and Returns considered by the Audit Committee.
Health and Safety practices and processes inadequate/ineffective	Health and Safety Unit	Corporate Health and Safety Policy Risk Assessments Reportable Accident Statistics Outcomes from audits undertaken by the Health and Safety Unit. Officer/Member Training.	Health and Safety function subject to periodic Internal Audit review as part of the cyclical audit process.	Corporate Health and Safety Policy approved by Cabinet. Council's performance on health and safety reported annually to Resources Scrutiny and Audit Committee.
Property management arrangements inadequate	Corporate Premises Risk Group	Corporate Premises Database System and supporting documentation.	Corporate Premises Database System subject to periodic Internal audit review as part of the cyclical audit process.	Property management arrangements included in Council Risk Registers and, as such, included within member

				reporting arrangements for business risk processes.
Management control in respect of operational aspects of the business inadequate.	Managers/Schools Assurance Statements.	Annual signed Statements from Assistant Directors and schools.	Arrangements administered and outputs scrutinised by Internal Audit.	Annual report to the Audit Committee on the outcomes from the Assurance Statement process.
Partnership governance arrangements inadequate.	Partnership Lead Officers	Annual Partnership Toolkit Questionnaires completed by relevant Council Partnership Lead Officers and supporting documentation.	Partnership Governance Arrangements subject to periodic Internal Audit review as part of the cyclical audit process.	Partnership Toolkit approved by Cabinet. Annual report to Cabinet on the operations of significant partnerships.
Treasury management arrangements inadequate.	Accounting Services	Treasury Management Policy Statement, Strategy, Prudential Indicators and Procedures.	Treasury Management function subject to periodic Internal Audit review as part of the cyclical audit process.	Treasury Management Policy Statement, Strategy and Prudential Indicators considered by the Audit Committee and approved by Council. Treasury Management Procedures approved the Audit Committee. Six-monthly/Annual Reports to the Audit Committee and Cabinet on the performance of the Treasury Management function.
Financial management arrangements inadequate/ineffective.	Accounting Services	Medium Term Financial Plan. Corporate Budget Setting/Monitoring processes and supporting documentation. Officer/Member Training.	Financial management arrangements subject to periodic Internal Audit review as part of the cyclical audit process.	Medium Term Financial Plan approved by Council. Quarterly Reports to Cabinet/Resources Scrutiny on Finance/Performance.
Ethical health arrangements inadequate.	Legal Services	Member Code of Conduct. Officer Code of Conduct. Ombudsmen complaints and outcomes. Member/Officer Training.	Legal Services Reports reflected upon in the audit planning process.	Members and Officers Codes of Conduct endorsed by Standards Committee and approved by Council. Standards Committee meet regularly to consider a range

				of relevant reports. Regular report to cabinet on Ombudsmen complaints and outcomes.
Ineffective system of internal audit	Senior Group of Officers	Annual Review of the system of internal audit and supporting documentation conducted in accordance with the Accounts and Audit Regulations.	Internal Audit direct effort annually to support the review process.	Annual Review of the system of internal audit considered by the Audit Committee.